

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
COUNTY OF INGHAM

ANITA G. FOX, DIRECTOR OF THE
MICHIGAN DEPARTMENT OF
INSURANCE AND FINANCIAL
SERVICES,

Case No. 20-452-CR

Petitioner,

HON. JOYCE DRAGANCHUK

v

MIDWESTERN DENTAL PLANS, INC.,

[IN LIQUIDATION]

Respondent.

_____/

Christopher L. Kerr (P57131)
Assistant Attorney General
Attorney for Petitioner
Michigan Department of Attorney General
Corporate Oversight Division
P.O. Box 30736
Lansing, MI 48909
(517) 335-7632
KerrC2@michigan.gov

_____/

- ORDER: (1) RATIFYING CLAIM ADJUDICATION PROCEDURES;
(2) RATIFYING PRIORITY OF DISTRIBUTION OF CLAIMS;
(3) APPROVING THE LIQUIDATOR'S CLAIM RECOMMENDATIONS;
(4) APPROVING AGREEMENT WITH SSC LENDER, LLC;
(5) AUTHORIZING DISTRIBUTION OF ESTATE ASSETS; AND
(6) AUTHORIZING SERVICE**

At a session of said Court
held in the Circuit Courtrooms
for the County of Ingham,
State of Michigan, on the

5th day of ~~December, 2021.~~
JANUARY, 2022

PRESENT: HONORABLE JOYCE DRAGANCHUK, CIRCUIT COURT JUDGE

WHEREAS, Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services (“DIFS”) and Court-appointed Liquidator (the “Liquidator”) of Midwestern Dental Plans, Inc. (“Midwestern Dental”), has filed the *Liquidator’s Petition for an Order: (1) Ratifying Priority of Distribution of Claims; (2) Approving the Liquidator’s Claim Recommendations; (3) Approving Agreement with SSC Lender, LLC; and (4) Authorizing Distribution of Estate Assets* (the “Petition”), which also sought other related relief not expressly included in the Petition’s title; and

WHEREAS, on February 3, 2021, this Court entered an order placing Midwestern Dental into liquidation, appointing the DIFS Director as Liquidator, and approving the reasonable compensation to be paid to the Liquidator’s appointed Special Deputy Liquidators, James Gerber and Thomas Mitchell (the “Liquidation Order”); and

WHEREAS, the Liquidator served the Petition, together with the attached Exhibits and Notice of Hearing:

- (1) Via e-mail on December 1, 2021 to: (a) Steven Mitnick, counsel for Dimensional Dental Management, LLC (“DDM”); (b) Adam Harris, counsel for SSC Lender, LLC (“SSC Lender”); and Douglas Bernstein, counsel for PNC Bank (the “Personal Service Entities”), which are the individuals and entities having the strongest potential interest in the proposed distributions and other relief sought by the Petition; and
- (2) On other individuals or entities that may have a general interest in the Petition by submitting an electronic copy to DIFS for posting on the DIFS website, www.michigan.gov/difs, under the section “Who We Regulate,” the subsection “Receiverships,” and the sub-subsection “Midwestern Dental.”

The Liquidator intends to serve this resulting Order in the same manner; and

WHEREAS, the Court having reviewed the Petition and any objections or responses filed thereto, having heard oral argument on December 15, 2021 at 2:30 p.m., and being otherwise fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT the Court APPROVES and GRANTS the Petition, and more specifically:

1. The Court ratifies and approves the claim handling and adjudication procedures used by the Liquidator as described in the Petition.
2. The Court ratifies and approves the priority of distribution of claims used by the Liquidator to administer and adjudicate claims filed against the Midwestern Dental Liquidation Estate, which complied with the statutory priority requirements contained in MCL 500.8142. In addition, the Court formally ratifies and approves the Liquidator imposing the requirement in MCL 500.8142(1) that “[e]very claim in each class shall be paid in full or adequate funds retained for their payment before the members of the next class receive payment.”
3. The Court approves the Liquidator’s final claim report and recommendations, which are summarized in the Petition and detailed in Exhibits A through D thereto.
4. The Court approves the agreement between Midwestern Dental and SSC Lender, an executed copy of which is attached as Exhibit E to the Petition.
5. The Court approves the Liquidator’s retention of an administrative expense reserve in the amount of \$25,000 to cover the operating expenses and costs

associated with final closure of the Midwestern Dental Liquidation Estate (the “Closing Reserve”).

6. The Court authorizes the Liquidator to make the following distributions from the assets of the Midwestern Dental Liquidation Estate, and further authorizes the Liquidator and/or Special Deputy Liquidators to execute any necessary documentation and take such other action required to finalize these distributions: (a) a 100% distribution of Liquidation Estate assets on the allowed amount of Class 2, Class 5, and Class 7 policyholder claims as reflected on Exhibits A through C to the Petition; and (b) after payment in full of these Class 2, Class 5, and Class 7 policyholder claims and retention of the Closing Reserve, a distribution of all remaining Midwestern Dental assets to SSC Lender, pursuant to the agreement between Midwestern Dental and SSC Lender attached as Exhibit E to the Petition.

6. Although the recovery of additional Estate assets is not anticipated, in the event of such recovery the Court authorizes the Liquidator to distribute these assets to SSC Lender, pursuant to the agreement between Midwestern Dental and SSC Lender attached as Exhibit E to the Petition.

7. If any portion of the Closing Reserve is remaining at the time the Estate is closed and this liquidation is terminated, the Court authorizes the Liquidator to distribute these assets to SSC Lender, pursuant to the agreement between Midwestern Dental and SSC Lender attached as Exhibit E to the Petition.

8. Because personal service on individuals or entities that may have a general interest in Midwestern Dental's liquidation (i.e., other than the Personal Service Entities) would be time-intensive and prohibitively costly to the Midwestern Dental Liquidation Estate, the Court authorizes, approves, and/or ratifies the Liquidator's service of the Petition, together with the attached Exhibits, the Notice of Hearing, and this Order, by:

- (a) E-mail to: (i) Steven Mitnick, counsel for DDM, at smitnick@sm-lawpc.com; (ii) Adam Harris, counsel for SSC Lender, at adam.harris@srz.com; and (iii) Douglas Bernstein, counsel for PNC Bank, at DBernstein@plunkettcooney.com, which are the individuals and entities having the strongest potential interest in the relief sought by the Petition and granted by this Order; and
- (b) Submitting an electronic copy to DIFS for posting on the DIFS website, www.michigan.gov/difs, under the section "Who We Regulate," the subsection "Receiverships," and the sub-subsection "Midwestern Dental."

The Court finds that service in this manner is reasonably calculated to give the Personal Service Entities, together with any other potentially interested individuals or entities, actual notice of these proceedings and is otherwise reasonable under the circumstances.

IT IS SO ORDERED.

 P-39417
Honorable Joyce Draganchuk
Circuit Court Judge